



County of Los Angeles CHIEF EXECUTIVE OFFICE

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WILLIAM T FUJIOKA
Chief Executive Officer

July 6, 2011

Board of Supervisors
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First District

MARK RIDLEY-THOMAS
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

To: Mayor Michael D. Antonovich
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Don Knabe
Supervisor Zev Yaroslavsky

From: William T Fujioka
Chief Executive Officer

A handwritten signature in black ink, appearing to read "W. T. Fujioka", is written over the printed name of the Chief Executive Officer.

SACRAMENTO UPDATE

This memorandum contains three pursuits of County position on legislation related to: 1) requirements for local entities seeking bankruptcy protection; 2) impasse procedures to resolve labor disputes; and 3) eligibility for CalWORKs benefits; an update on County-sponsored legislation regarding reimbursement of Federal matching funds for medical treatment of minors who are hospitalized outside of a county's detention facility; and the status on 18 County-advocacy measures.

Pursuit of County Position on Legislation

AB 506 (Wieckowski), which as amended on June 29, 2011, would impose a mediation requirement for local agencies, prior to seeking Chapter 9 bankruptcy protection under the Federal bankruptcy process.

Current law authorizes municipalities to file a bankruptcy petition through the Federal bankruptcy process under Chapter 9 and provides financially-distressed municipalities protection from their creditors while the municipality develops and negotiates a plan for adjusting its debts.

AB 506 would require a local government to participate in mediation prior to filing bankruptcy under Federal bankruptcy laws. The mediator would issue a good faith certificate that the parties participated in mediation and either resulted in an agreement for debt readjustment, or certify that continued mediation will not contribute to a resolution. AB 506 also would require the California Debt and Investment Advisory Commission to adopt mediation guidelines.

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The author of AB 506 indicates that the State has a vested interest in protecting taxpayers from the effects of an ill-advised bankruptcy and this bill will help local public entities and elected officials make the most responsible decisions for the communities they represent. The author's office further indicates that there is nothing to prevent a frivolous bankruptcy petition or one that is politically motivated and local elected officials currently have little guidance to determine if a bankruptcy is merited or necessary.

According to the California State Association of Counties (CSAC), given the complex nature of governance and funding of public services in California, it is difficult to envision a mediation process as proposed under AB 506 that would be timely and effective for local governments in fiscal distress. Additionally, unlike typical mediation in the private sector, where a mediator is brought in to help resolve issues between parties who wish to come to a resolution, AB 506 gives the mediator extraordinary powers and forces all parties, even those not interested in a resolution, into a mediation process.

The League of California Cities notes that AB 506 would create criteria and conditions that are biased against local government agencies to the benefit of labor interests. The League adds that the bill would be an intrusion by the State into local affairs, and further, it would not be useful for municipalities.

According to the Chief Executive Office's Benefits, Compensation, and Employee Relations Division, AB 506 would give the mediator power to force parties into mediation and the mediator would have to certify that the agency acted in good faith during mediation. Generally, a mediator attempts to bring the parties closer together to reach an agreement and does not have enforcement power. However, under AB 506, the mediator is given power far beyond the normal scope of a mediator's functions.

Therefore, consistent with Board policy to oppose any abridgement or elimination of the Board of Supervisors' powers and duties unless the change promotes a higher priority of the Board, **the Sacramento advocates will oppose AB 506.**

AB 506 is supported by California Labor Federation, California Nurses Association and the California Professional Firefighters Association. It is opposed by the California Chamber of Commerce; California Special Districts Association; California State Association of Counties; Howard Jarvis Taxpayers Association; League of California Cities; Regional Council of Rural Counties and the Urban Counties Caucus.

AB 506 is set for a hearing in the Senate Governance and Finance Committee on July 6, 2011.

AB 646 (Atkins), which as amended on June 22, 2011, would among other provisions related to labor relations: 1) authorize an employee organization to request that a matter in dispute be submitted to a fact-finding panel if a mediator is unable to effect settlement of a controversy within 30 days of his/her appointment; 2) require that the fact-finding panel consists of one member selected by each party as well as a chairperson selected by the State Public Employment Relations Board or by agreement of the parties; 3) authorize the fact-finding panel to make investigations, hold hearings and issue subpoenas requiring the attendance and testimony of witnesses and the production of evidence; and 4) require all political subdivisions of the State to comply with the panel's requests for information.

According to the California State Association of Counties, AB 646 would undermine a local agency's authority to establish local rules for resolving impasses and the requirement that a local agency engage in fact-finding may delay rather than speed the conclusion of contract negotiations. Many, if not most public agencies, provide for impasse procedures in collective bargaining negotiations and bargain in good faith with their respective employee organizations. By imposing mandatory mediation and fact-finding once an impasse is reached in employment negotiations, AB 646 eliminates this authority. CSAC is not aware of any abuses or shortcomings of the current process and question the need for making such an important change in the process of reaching a collective bargaining agreement. In addition to the fundamental change in the negotiating process, CSAC is highly concerned about the practical application of AB 646.

Currently, the State Public Employment Relations Board (PERB) has no role in County labor relations. All matters that other jurisdictions refer to PERB are handled by the Employee Relations Commission in Los Angeles County. AB 646 would allow PERB to designate the chair of the fact finding panel, and require the County to provide all information requested by the panel. This bill gives the State an unprecedented role in resolving impasses, but the County would have to absorb cost increases resulting from settlements. Current law does not specify what is involved in fact finding. AB 646 indicates that the panel can make inquiries, conduct investigations, hold hearings, and take any other action it deems necessary.

The Chief Executive Office's Benefits, Compensation, and Employee Relations Division indicates that current County ordinances require that the parties split the cost of the fact finding process. However, AB 646 would empower one party to require the County to pay for half the costs of a three-person panel, as well as the costs for information requests the panel makes. In addition, the parties would have to share the cost of travel, subsistence and per diem fees incurred by the chairperson. Currently, the

parties split the cost for a single fact-finder. The County would also assume the costs of a public hearing, if the Board chose to implement the last, best and final offer.

The Chief Executive Office opposes AB 646. Therefore, consistent with existing Board policy to oppose adverse State actions on the County and oppose any abridgement or elimination of the Board of Supervisors' power and duties unless it promotes a higher priority of the Board, **the Sacramento advocates will oppose AB 646.**

AB 646 is sponsored by the American Federation of State, County and Municipal Employees (AFSCME), AFL-CIO, and is supported by California Labor Federation; California Nurses Association; California State Employees Association; Orange County Labor Federation; Peace Officers Research Association of California; and San Diego and Imperial Counties Labor Council, AFL-CIO.

The measure is opposed by Association of California Healthcare Districts; Association of California Water Agencies; Association of Sanitation Agencies; Municipal Utilities Association; Special Districts Association; California State Association of Counties; League of California Cities; County of San Diego; City of Cerritos; and Orange, Sacramento, Placer and Solano, County Boards of Supervisors, among others.

AB 646 passed the Senate Committee on Public Employment and Retirement by a vote of 3 to 2 on June 27, 2011. The measure is currently awaiting a hearing in the Senate Appropriations Committee.

AB 959 (Jones), which as amended on May 27, 2011, would require counties to restore CalWORKs benefits without requiring a new application or interview if the participant submits a complete quarterly report before the last calendar day of the first month of the following quarterly reporting period. Restored benefits would be prorated from the date that the quarterly report is submitted.

As a condition of maintaining eligibility, CalWORKs participants are required to submit a quarterly report providing information such as income, property and changes to the household. The participants are also asked to report anticipated changes in income or expenses over the next three months. Participants who fail to submit a timely quarterly report form may be terminated from CalWORKs. However, counties are required to rescind a discontinued case if a participant submits a completed quarterly report by the first working day of the next reporting period, or if the county determines that the recipient had good cause. Once CalWORKs benefits are discontinued, even due to late paperwork that is subsequently turned in, the participant must reapply for assistance. This process can take up to 45 days and requires more staff time and resources than if

counties had the ability to reinstate benefits, without requiring a complete face-to-face application.

According to the Department of Public Social Services, AB 959 would simplify the administration of CalWORKs by eliminating time consuming steps and resources required to complete a comprehensive reapplication when a participant submits a late quarterly report.

The Department of Public Social Services and this office support AB 959. Support for this measure is consistent with existing Board policy to support options to simplify the administration of public assistance programs such as CalWORKs. **Therefore, the Sacramento advocates will support AB 959.**

AB 959 is sponsored by the County of San Diego and is supported by California Association of Food Banks; California Hunger Action Coalition; California State Association of Counties; County of Santa Clara Board of Supervisors; County Welfare Directors Association; National Association of Social Worker, California Chapter; Urban Counties Caucus; and Western Center on Law and Poverty. There is no registered opposition to this measure.

AB 959 passed the Senate Human Services Committee by a vote of 7 to 0 on June 28, 2011. This measure now proceeds to the Senate Appropriations Committee.

Status of County-Sponsored Legislation

County-sponsored AB 396 (Mitchell), which as amended on May 12, 2011, would allow counties to obtain Federal matching funds to provide reimbursement for medical treatment of minors who are hospitalized outside of the county's detention facility for more than 24 hours, passed the Senate Public Safety Committee on consent on July 5, 2011. This measure now proceeds to the Senate Appropriations Committee.

Status of County-Advocacy Legislation

County-opposed AB 341 (Chesbro), which would: 1) increase the mandatory solid waste diversion rate from 50.0 percent to 75.0 percent by January 1, 2020; 2) require the owner or operator of a business that contracts for waste services and generates more than four cubic yards of total waste and recyclable materials per week, to arrange for recycling services; and 3) require enforcement agencies to inform solid waste facility operators that it is requiring a revision in the solid waste facility permit in conjunction with allowing changes in the design or operation of a facility, passed the Senate Environmental Quality Committee, as amended, by a vote of 6 to 1 on June 27, 2011.

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The amendments taken in Committee are not in print yet. When they become available, the Department of Public Works (DPW) and this office will review them for County impact. This measure now proceeds to the Senate Appropriations Committee.

County-supported AB 591 (Wieckowski), which would require well operators to provide specific information to the Division of Oil, Geothermal and Gas Resources within the California Department of Conservation prior to and after drilling wells that would be used in the future to develop legislation and/or regulations to reasonably and effectively regulate hydraulic fracturing, passed the Senate Environmental Quality Committee, as amended, by a vote of 5 to 1 on June 27, 2011.

The amendments taken in Committee are not in print yet. When they become available, this office will review them for County impact. This measure now proceeds to the Senate Appropriations Committee.

County-opposed AB 720 (Hall), which would limit the flexibility of counties who utilize Road Commissioner Authority for work on roads and highways for more than maintenance and emergency, effectively preventing these counties from using the Uniform Public Construction Cost Accounting Act (UPCCAA), and limiting the percentage of work that can be performed for road construction and reconstruction to 20.0 percent of all force account work done in a county, was amended on June 27, 2011.

The June 27, 2011 amendments would: 1) change the effective date of the bill to January 1, 2013; 2) allow counties with a population of less than 50,000 to continue to utilize alternative procedures for county highway contracts after January 1, 2013; and 3) increase the percentage of work that can be performed for road construction and reconstruction to 30.0 percent of all force account work done in a county.

The Department of Public Works indicates that the amendments would continue to limit the existing flexibility that the County has to use, including both the Road Commissioner authority and the provisions of the UPCCAA, to perform new road construction and road reconstruction work. If AB 720 is approved and the County elects to use the UPCCAA, DPW will have to curtail use of force account labor for new road construction and road reconstruction projects and contract out for those services.

Despite the California State Association of Counties removing opposition to the amended version of AB 720, the Sacramento advocates indicate that Yolo County has the same concerns as DPW regarding the recent amendments. However, Yolo County

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has agreed to drop opposition to the bill if the following letter from the author is published in the Daily Journal:

"In passing AB 720, it is not the intent of the Legislature to restrict county force account work necessary to facilitate capital projects for the purposes of contract to the private sector. This would include, but not be limited to design, engineering, inspection, testing, etc. all work necessary to administer private contracts. As a result changes must be made to the State Controller's Guidelines Schedule 199 "Instructions for Preparing the Annual Road Report" to ensure that there is a distinction between force account reported for facilitating private contracts versus force account reported for actual construction for new road construction and reconstruction projects, prior to the effective date of AB 720. This is also necessary to identify work performed by road commissioner authority under subdivision (c) of Section 20395 pursuant to Section 22031 (b) (2) of AB 720."

The Department of Public Works indicates that if the language above regarding the intent of AB 720 is included in the Daily Journal, they would also remove their opposition to AB 720. The Sacramento advocates are awaiting confirmation from the author's office about acceptance of the above language. Should the author agree to include this language in the Daily Journal, the County will remove opposition to the bill as well.

This measure is scheduled for hearing in Senate Governance and Finance Committee on July 6, 2011.

County-supported AB 723 (Bradford), which as amended on June 20, 2011, would extend the sunset date on the public goods charge (PGC) to 2020 and provide clarity on how energy efficiency programs funded under the PGC shall be administered, passed the Senate Governance and Finance Committee by a vote of 6 to 3 on June 29, 2011. This measure now proceeds to the Senate Energy, Utilities and Communications Committee.

County-supported AB 727 (Mitchell), which as amended on May 27, 2011, would require the State to provide healthier food options in vending machines, concessions, and cafeterias located in State-owned or leased buildings, passed the Senate Governmental Organization Committee by a vote of 7 to 5 on June 28, 2011. This measure now proceeds to the Senate Health Committee.

County-supported AB 1066 (J. Pérez), which as amended on June 15, 2011, would make various technical and conforming changes to implement the Special Terms and Conditions required by the Centers for Medicare and Medicaid Services for California's

recently enacted 1115 Medicaid Waiver, passed the Senate Appropriations Committee by a vote of 8 to 0 on June 27, 2011. This measure now proceeds to the Senate Floor.

County-opposed AB 1203 (Mendoza), which as amended on April 27, 2011, would expand the provisions of current law governing leaves of absence to participate in employee organization, passed the Senate Public Employment and Retirement Committee by a vote of 3 to 2 on June 27, 2011. The measure now proceeds to the Senate Floor.

County-opposed AB 1248 (Hueso), which as amended on May 23, 2011, would require employees to participate in the Social Security program if they currently do not participate in a defined benefit program passed the Senate Public Employment and Retirement Committee by a vote of 3 to 2 on June 27, 2011. The measure now proceeds to the Senate Floor.

County-supported AB 1382 (Hernandez), which as amended on March 31, 2011, would authorize HIV counselors to perform skin punctures for hepatitis C virus (HCV) or a combination of HIV/HCV tests, passed the Senate Health Committee by a vote of 8 to 0 on June 29, 2011. This measure bill now proceeds to the Senate Appropriations Committee.

County-supported SB 194 (Senate Governance & Finance), which as amended on June 13, 2011, contains two County-sponsored proposals to: 1) increase the upper limit amount a board of supervisors may delegate to a county road commissioner or other county officer to order changes or additions in the work being performed under county road contracts from \$150,000 to \$200,000 and clarify that these change orders may include additions to the work; and 2) authorize a county to accept a payment of a donation, gift, bequest, or devise made to or in favor of a county, or to or in favor of the board of supervisors of a county, by credit card, debit card, or electronic funds transfer, passed the Assembly Local Government Committee on consent on June 29, 2011. This measure now proceeds to the Assembly Appropriations Committee.

County-supported SB 161 (Huff), which as amended May 31, 2011, would allow, in the absence of a school nurse, non-medical school personnel who have received training on a voluntary basis to administer anti-seizure medication to students who are suffering from epileptic seizures, passed the Assembly Business, Professions, and Consumer Protection Committee by a vote of 7 to 1 on June 28, 2011. This measure now proceeds to the Assembly Education Committee.

County-opposed SB 244 (Wolk), which would: 1) require a city or county to amend its general plan to include an analysis of the presence of island, fringe, or legacy unincorporated communities inside or near its boundaries; 2) require a city or county to

take specified action related to the conditions or deficiencies within these areas and outline implementation measures to achieve the goals for eliminating or reducing the negative conditions; and 3) prevent local agency formation commissions from approving annexations to a city unless specified conditions are met, passed the Assembly Housing and Community Development Committee, as amended, by a vote of 7 to 0 on June 29, 2011. This measure now proceeds to the Assembly Appropriations Committee.

County-opposed SB 276 (Wright), which as amended on May 10, 2011, would authorize the Executive Director of the California Science Center to appoint certain security and safety personnel if there is no Exposition Park Manager, passed the Assembly Agriculture Committee by a vote of 9 to 0 on June 29, 2011. This measure now proceeds to the Assembly Floor.

Of interest to the County and related to SB 276, on June 30, 2011, Governor Brown used his line-item veto authority to delete language in the FY 2011-12 State Budget Act which would prohibit the California Science Center (CSC) from using funds for positions at the Office of Exposition Park Management, including the Exposition Park Manager and necessary security positions. The Governor's action negates the author's stated reason for the need for introducing SB 276. According to the author, the FY 2011-12 State Budget eliminates the Office of Exposition Park Management and SB 276 is necessary to transfer the responsibilities of the Exposition Park Manager back to the Executive Director of CSC in order to keep Exposition Park running and to maintain necessary services in the absence of the Office of Exposition Park Management.

County-supported SB 450 (Lowenthal), which as amended on June 20, 2011, would impose restrictions and requirements on the use of Low- and Moderate-Income Housing funds by Redevelopment Agencies, passed the Assembly Housing and Community Development Committee by a vote of 7 to 0 on June 29, 2011. This measure now proceeds to the Assembly Appropriations Committee.

County-supported SB 568 (Lowenthal), which would prohibit, beginning January 1, 2016, a food vendor from dispensing prepared food to a customer in a polystyrene foam food container, and would give a food vendor that is a school district until January 1, 2017 to comply with the bill's requirements, passed the Assembly Natural Resources committee, as amended, by a vote of 6 to 3 on June 27, 2011. This measure now proceeds to the Assembly Appropriations Committee.

County-supported SB 575 (DeSaulnier), which as amended on May 31, 2011, would prohibit the smoking of tobacco products in an enclosed space at a place of employment or owner-operated business, unless otherwise exempted, passed the Assembly Labor and Employment Committee by a vote of 4 to 2 on June 22, 2011. This measure now proceeds to the Assembly Governmental Organization Committee.

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County-supported SB 586 (Pavley), as amended on June 29, 2011, would regulate the issuance of signature stamps by state-chartered banks and credit unions, define how revenues from increased fines for certain crimes against elder and dependent adults shall be dedicated to county Adult Protective Services programs, make changes to conform provisions to changes made in AB 109 of the 2011-12 Regular Session and provide for restitution for a violation of these provisions committed through use of a signature stamp, passed the Assembly Public Safety Committee by a vote of 5 to 2 on July 5, 2011. This measure now proceeds to the Assembly Appropriations Committee.

County-supported SB 746 (Lieu), which as amended March 22, 2011, would prohibit minors under 18 years of age from utilizing ultraviolet (UV) tanning devices, and would eliminate the option for parents to provide consent for their minor children over the age of 14 from using UV tanning devices, passed the Assembly Judiciary Committee by a vote of 6 to 2 on June 28, 2011. This measure now proceeds to the Assembly Business, Professions, and Consumer Protections Committee.

We will continue to keep you advised.

WTF:RA
MR:IGEA:lm

c: All Department Heads
Legislative Strategist
Local 721
Coalition of County Unions
California Contract Cities Association
Independent Cities Association
League of California Cities
City Managers Associations
Buddy Program Participants